More signs that Amazon is attracting bigger search ad budgets

Consumer product brands’ advertising budgets are gradually shifting from Google to Amazon as consumers skip search engines and begin their shopping right on the e-commerce platform.

Major ad buyers are spending more on Amazon search. London-based WPP PLC, the world’s largest advertising agency, dedicated $300 million of its clients’ money to Amazon search ads in 2018, up from an estimated $100 to $150 million in 2017, MarketWatch reported Thursday.

Omnicom Group decreased its clients’ Google search budgets to invest in Amazon’s search ads, according to the report. Amazon accounted for 20 to 30% of its clients’ search spend last year.

It’s worth noting that, although both agencies are spending an increasing proportion of their clients’ budgets with Amazon, that amount still pales in comparison to how much they dedicate to Google ads. It’s estimated that WPP spent upwards of $3 billion on Google ads globally last year.

Why you should care. There are several factors contributing to increased investment in Amazon ads: User behavior, platform capabilities and closed-loop measurement.

An analysis by research firm Jumpshot indicated that, in 2015, 54% of product searches belonged to Google and 46% to Amazon. Last year, these numbers flipped, with Amazon drawing 54% of product search starts. Amazon has also ramped investment in its ad platform, inventory and formats. As a closed marketplace, marketers can directly attribute campaigns to sales. Amazon is introducing formats such as video that may be luring advertising budgets away from paid search and social.

Still minuscule market share. Last year, Amazon eclipsed Oath (Verizon Media) and Microsoft to become the third largest digital ad vendor in the US. Even with that distinction, Amazon still only accounted for 4.1% of domestic digital ad spending – a far cry from Google and Facebook’s combined share of 57.7%.

About The Author

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